

Health and Human Services

Health and human services programs provide essential medical, dental, mental health and social services to many of California's most vulnerable and at-risk residents. These programs touch the lives of millions of Californians and provide access to critical services that promote their health, well-being and ability to function in society. The Budget reflects the Administration's efforts to maintain a strong and responsible safety net for California's most vulnerable residents, guided by an overall vision for health and human services which ensures that residents are protected against and prepared for natural and intentional disasters, that Californians have access to affordable health care coverage, that children are raised in safer, more stable, and permanent homes, that persons with developmental disabilities are given opportunity to work in the community, and that seniors and persons with disabilities live in the most integrated and appropriate community setting.

Department of Aging

Multipurpose Senior Services Program

The Budget includes a total of \$50.5 million (\$25.3 million General Fund) for the Multipurpose Senior Services Program (MSSP). This reflects an increase of \$6 million (\$3 million General Fund), or 13.5 percent, over the revised 2005 Budget Act level. The MSSP serves approximately 12,000 frail elderly clients. The program is designed to arrange for and monitor social and health care services in order to support individuals living in the community. The MSSP must meet cost-neutrality provisions that require program costs not exceed the costs of institutional care.

Department of Health Services / Medi-Cal

The Budget includes total Medi-Cal expenditures of \$35.1 billion (\$13.8 billion General Fund), an increase of \$1.8 billion (\$946 million General Fund) over the revised 2005 Budget Act level. The average monthly Medi-Cal caseload is expected to be 6,664,700 beneficiaries in 2006-07. This represents an increase of 1.29 percent above the revised 2005 Budget Act level.

Provide Counties with Funding for Outreach Activities

The Budget includes \$22.6 million (\$9.3 million General Fund) for counties to perform outreach and enrollment activities targeted at the approximately 428,000 children who are eligible for Medi-Cal or the Healthy Families Program, but are not enrolled.

Medi-Cal Redetermination Form Simplification

The Budget includes \$48.2 million (\$24.1 million General Fund) for caseload growth as a result of simplifying the Medi-Cal redetermination form to decrease turnover within the program.

Increase Enrollment of Seniors and Persons with Disabilities in Medi-Cal Managed Care

The Budget includes \$1.6 million (\$768,000 General Fund) and 5 positions for Department of Health Services (DHS) to phase in expanded enrollment of seniors and persons with disabilities by developing and implementing statewide managed care performance standards and requirements to serve this medically fragile population and designing specific education and outreach efforts aimed at increasing voluntary enrollment in managed care counties.

Establish a Coordinated Care Management Pilot Project

The Budget includes \$311,000 (\$124,000 General Fund) and 3 positions for a pilot project to coordinate the provision of health care to beneficiaries with chronic health conditions who may be seriously ill or near the end of life, and persons with serious mental illness and chronic health conditions.

Managed Care Plan Payments

The Budget contains \$65.4 million (\$32.7 million General Fund) for half-year costs beginning January 1, 2007, to eliminate the 5 percent provider payment reduction on Medi-Cal managed care plans that was imposed by the Legislature and prior Administration pursuant to Chapter 230, Statutes of 2003 (AB 1762). Increasing provider payments will ensure that

providers continue to serve the 3.2 million Medi-Cal beneficiaries enrolled in managed care plans.

Increase Other Medi-Cal Managed Care Rates

The Budget contains \$78.1 million (\$39 million General Fund) to fund rate increases for Central Coast Alliance for Health, Community Health Group, Contra Costa Health Plan, Health Plan of San Mateo, Partnership Health Plan of California, and Santa Barbara Regional Health Authority. Rate increases for these managed care plans were based upon a financial review of all Medi-Cal managed care plans that DHS conducted to ensure that health plans would have sufficient resources to provide quality care to Medi-Cal beneficiaries through 2006-07. Increasing managed care plan rates also will ensure that these providers continue to serve Medi-Cal beneficiaries.

Increase Rate Reimbursements for Long-Term Care Facilities

The Budget includes \$174.5 million (\$87.3 million General Fund) for a 5.4 percent rate increase to nursing homes and adult sub-acute care facilities that provide long-term care to Medi-Cal beneficiaries.

Adjustments for Certain Durable Medical Equipment Items in Medi-Cal

The Budget includes \$4.5 million (\$2.2 million General Fund) to change the methodology that is used to reimburse for custom wheelchair equipment, custom rehabilitation equipment and oxygen. These changes are expected to provide Medi-Cal beneficiaries with greater access to these items.

Set Program for All Inclusive Care Rates at 90 Percent of the Upper Payment Limit

The Budget includes \$2.2 million (\$1.1 million General Fund) to reimburse all Program for All Inclusive Care (PACE) plans at least 90 percent of the upper payment limit. Currently, PACE rates are based on specific facility, geographic, and demographic factors. This funding provides rate increases to the PACE plans that have reimbursement levels below 90 percent of the upper payment limit.

Implementation of the Hospital Financing Waiver

The Budget includes an additional \$824,000 (\$412,000 General Fund), 5 positions and the conversion of limited-term positions to permanent status for additional administrative activities

related to implementation of the federal Hospital Financing Waiver, and disbursement of the additional funding made available to California hospitals under the waiver.

Licensing and Certification

The Budget includes \$20.8 million (-\$28.1 million General Fund) and 155.5 positions for increased licensing and certification workload to protect California's citizens, improve access to necessary services, and meet current statutory requirements. The Budget also establishes a fee structure that is more closely tied to workload activities and begins to phase-out the General Fund subsidy of licensing and certification activities. To better track fees and expenditures related to the program, the budget establishes a special fund for all Licensing and Certification Program activities.

Department of Health Services / Public Health

Newborn Screening Program Expansion

The Budget includes \$8.5 million from the Genetic Disease Testing Fund to add Cystic Fibrosis and Biotinidase to the Newborn Screening Program. The current program, which serves over 99 percent of all newborns, screens for 73 genetic disorders. Detection of these diseases allows for early treatment, which can help prevent or minimize severe health problems. It is anticipated that this expansion will also result in future cost avoidance in Medi-Cal and other health care services.

Infectious Diseases

The Budget includes \$3 million General Fund to support local mosquito control efforts across the state. This funding will be directed to West Nile Virus high-risk areas and "hot spots" to supplement local mosquito control efforts.

The Budget also includes a \$1 million augmentation to mitigate the effects of Valley Fever, including research and development activities for a vaccine. This fungus infects the lungs of as many as 35,000 Californians each year, after breathing air containing contaminated soil that has been disturbed by construction, natural disasters, or wind.

HIV Education and Prevention Program

The Budget includes total funding of approximately \$37.8 million (\$30.5 million General Fund, including \$5.6 million in one-time funding) to provide HIV Prevention and Education funding for various local health jurisdictions. Local health programs develop plans tailored to the specific needs of the individuals, including outreach, counseling, and testing activities.

AIDS Drug Assistance Program

The Budget includes total funding of approximately \$299.4 million (\$107.7 million General Fund) to fully fund the projected caseload for the AIDS Drug Assistance Program (ADAP) in 2006-07. ADAP provides life-saving medications to low-income persons living with HIV / AIDS. Drugs provided by ADAP have been shown to prolong quality of life and delay the deterioration of health among individuals living with HIV. A total of more than 31,500 clients will be served in 2006-07.

Managed Risk Medical Insurance Board

Healthy Families Program

The Budget includes Healthy Families Program (HFP) expenditures of \$1 billion (\$368 million General Fund), an increase of \$129.4 million (\$47.4 million General Fund) above the revised 2005 Budget Act level. Year-end caseload is expected to reach 858,900 children, an increase of 78,200 children over 2005-06.

Streamline Enrollment Processes for Children's Health Programs

The Budget includes \$9.6 million (\$3.5 million General Fund) to simplify the enrollment of children into the HFP. This program change will encourage the use of the electronic application (known as "Health-e-App"), enhance enrollment, retain current eligible children, and ease administrative duties.

Increase the Number of Successful Applicants for Children's Health Programs

The Budget includes \$2.2 million (\$843,000 General Fund) to provide incentive payments to Certified Application Assistants to encourage the enrollment of more children in Medi-Cal and HFP.

Access for Infants and Mothers Program

The Budget includes Access for Infants and Mothers (AIM) program expenditures of \$120.4 million, an increase of \$5 million above the revised 2005 Budget Act level.

Department of Alcohol and Drug Programs

The Budget includes \$667.6 million (\$289.6 million General Fund) for the Department of Alcohol and Drug Programs, an increase of \$52.8 million (\$47.2 million General Fund) from the revised 2005 Budget Act level.

Reforming Substance Abuse Treatment for Drug Offenders

Proposition 36, the Substance Abuse and Crime Prevention Act of 2000 (SACPA), was approved by the voters on November 7, 2000. Under SACPA, first or second time non-violent adult drug offenders who use, possess, or transport illegal drugs for personal use receive drug treatment rather than prison time. SACPA is intended to preserve jail and prison cells for serious and violent offenders, enhance public safety by reducing drug-related crime, and improve public health by reducing drug abuse through treatment. SACPA provided for an annual \$120 million General Fund transfer to the Substance Abuse Treatment Trust Fund from 2001-2002 through 2005-06.

In anticipation of various reforms to the program to increase accountability and improve treatment entry and completion rates, the Budget maintains the General Fund transfer to the Substance Abuse Treatment Trust Fund at \$120 million for 2006-07, including 29.7 positions to support state-level and local SACPA-related activities.

In addition, the Budget includes \$25 million General Fund for the new Substance Abuse Offender Treatment Program. Eligible expenditures include residential treatment, narcotic replacement therapy, drug testing, drug court model court costs, and other services approved by the department after consultation with stakeholders.

Methamphetamine Prevention

The Budget includes \$10 million General Fund to develop and implement a methamphetamine prevention campaign using media, community involvement, and public relations to reach targeted high risk audiences.

Department of Developmental Services

The Budget includes \$4.0 billion (\$2.5 billion General Fund) for the Department of Developmental Services (DDS), an increase of \$331 million (\$245.7 million General Fund) above the revised 2005 Budget Act level. Total caseload is expected to reach 215,000 consumers in 2006-07, compared to 207,000 in 2005-06.

Developmental Centers

The Budget provides \$702.7 million (\$385 million General Fund) for the developmental centers, a net decrease of \$4.4 million (\$697,000 General Fund) from the revised 2005 Budget Act level, primarily due to a decreasing population resulting from consumers being referred to community placements rather than being placed in a developmental center. The Budget supports a population of 2,800, a decrease of approximately 200 consumers from 2005-06.

Agnews Developmental Center Closure

The closure of Agnews Developmental Center (Agnews) will be delayed from June 30, 2007 to June 30, 2008, in order to ensure adequate community supports are available to Agnews consumers once they transition into the community. The Budget reflects a net increase of \$19.0 million (\$9.7 million General Fund) compared to the revised 2005 Budget Act level for the planned closure of Agnews Developmental Center. The developmental center budget reflects a net decrease of \$249,000 (\$4.6 million General Fund) due to the transfer of residents into the community. The regional center budget reflects an increase of \$19.3 million (\$14.3 million General Fund) to provide consumer placements and necessary services and supports in the community.

Regional Centers

The Budget includes \$3.2 billion (\$2.1 billion General Fund) for regional centers, a net increase of \$333.2 million (\$244.2 million General Fund) above the revised 2005 Budget Act level. The Budget supports a population of 212,000, an increase of 8,400 consumers above 2005-06.

Developmental Disability Service Provider Rate Increases

The Budget reflects an increase of \$68.4 million (\$46.6 million General Fund) for a 3 percent cost-of-living increase to programs that have been subject to the provider rate freezes that have been necessary during the last three years. These include programs for which the DDS sets rates (community care facilities, community-based day programs, habilitation service programs, respite agencies, and vouchered respite) and to specified contract-services programs (supported living, transportation, and look-alike day programs).

Employment Support for Persons with Developmental Disabilities

The Budget includes \$180.2 million (\$100.2 million General Fund) for the DDS and the Department of Rehabilitation (DOR) to provide employment services for persons with developmental disabilities through the Supported Employment Program (SEP) and the Work Activity Programs (WAP). This funding level reflects a 24 percent rate increase for on-the-job training, a doubling of individual and group job placement fees within the SEP Program, and a 3 percent provider rate increase within the WAP program. In addition, the Budget includes an increase of \$19.1 million (\$13.3 million General Fund) to provide additional wage enhancements for direct care providers in WAP and day programs. This increased funding is designed to result in savings in costlier alternative programs, such as day service programs. It will also make it possible for more people with developmental disabilities to find work and earn an income. This new funding will increase employment opportunities to persons with developmental disabilities and provide services to ensure that they remain successful in their jobs. For consumers who are able to work, having a job is a cornerstone to community integration and self-sufficiency.

Department of Mental Health

The Budget includes \$3.6 billion (\$1.7 billion General Fund) for the Department of Mental Health (DMH), a decrease of \$19.2 million (an increase of \$445.2 million General Fund) from the revised 2005 Budget Act level. The General Fund increase is due primarily to a permanent transfer of \$333.5 million for the Early and Periodic Screening, Diagnosis and Treatment (EPSDT) program from the DHS budget.

State Hospitals

The Budget includes \$951.5 million (\$879.4 million General Fund) for state hospitals, a net increase of \$81.3 million (\$96 million General Fund). This funding will support a total population of 5,805 patients, an increase of approximately 430 patients from the revised 2005-06 population level. The state hospital budget reflects an augmentation of \$12.2 million General Fund to comply with the orders of the Coleman court to increase the number of Mental Health Crises and Intermediate Care Facility beds and associated staffing pursuant to the Short-Term Bed Plan at the Salinas Valley and Vacaville Psychiatric Programs.

Mental Health Services to Special Education Pupils (AB 3632)

The Budget includes \$118 million for special education mental health services, and proposes modest changes to the AB 3632 mental health services program to improve fiscal and programmatic accountability and introduce greater efficiency, while ensuring that mental health services to special education pupils continue. This reflects \$66 million one-time General Fund in the DMH budget to fund counties for providing services under the AB 3632 state mandate (\$33 million for 2004-05 costs and \$33 million for 2005-06 costs), and \$52 million in categorical funding for 2006-07. It also reflects \$100 million in special education funding in the Department of Education budget for services required by the Federal Individuals with Disabilities Education Act (IDEA). Of this funding, \$69 million will continue to be provided to county offices of education (COEs) for allocation to county mental health departments, as will \$31 million in Proposition 98 General Fund to Special Education Local Plan Areas (SELPA) to continue providing pre-referral mental health services pursuant to SB 1895.

Department of Child Support Services

Performance-Based Funding for Local Child Support Agencies

The Department of Child Support Services (DCSS), in collaboration with local child support agencies (LCSA), is in the process of developing a new allocation methodology intended to improve the state's performance on federal and state child support program measures. The Budget includes a one-time augmentation of \$12 million (\$4 million General Fund) to be distributed among LCSAs according to this performance-based allocation methodology. This augmentation represents a 1.6 percent increase in LCSA administrative funding above the level proposed in the Governor's May Revision. If this augmentation and associated allocation methodology proves to directly improve program performance, then the DCSS will consider utilizing a performance-based methodology on a broader scale.

Department of Social Services

Foster Care and Child Welfare Services Improvements

The Budget builds upon existing foster care reforms which will help advance the Administration's goal for child welfare: every child will live in a safe, stable, permanent home, nurtured by healthy families and strong communities. It reflects an unprecedented

commitment to California's continuum of services to protect children from abuse or neglect. Specifically, the Budget includes \$4 billion (\$1.7 billion General Fund) for programs to protect and support children, including Child Welfare Services (CWS), Child Abuse Prevention, Foster Care, Adoption Assistance, Kinship Guardianship Assistance Payment (Kin-GAP), and Adoptions.

Working together in recent years, the Administration and Legislature have taken action to improve the safety, permanency and well-being of children in California. Reflecting key reforms enacted in recent years, California's CWS program is undergoing a fundamental restructuring. A cornerstone of this effort is a commitment to link reforms at the state and county level to improved outcomes for youth in foster care, which has resulted in a new outcome and accountability system for child welfare services. Additionally, an outcome improvement project for counties is tying some local funding to plans for bettering the lives of children. Newly secured federal authorities provide counties with the flexibility to use federal funds on preventive services to families in crisis to keep children in safe and stable homes, and to reduce the need for foster care placement.

With bipartisan support and the commitment of the Legislature and the Governor to improve the lives of California's children, California will invest over \$255 million (\$160 million General Fund) to improve the safety, permanency and well-being of youth in foster care. Specifically, the Budget contains the following investments:

- \$111.5 million (\$72 million General Fund) to support and strengthen the Outcomes and Accountability System (Chapter 678, Statutes of 2001 [AB 636]) to improve safety, permanency and well-being outcomes for children and youth in foster care or risk of foster care placement.
- \$35.5 million (\$10 million General Fund) to implement a first-of-its-kind waiver that provides flexibility in the use of federal funds, and will enable strategies that prevent or reduce the need for foster care.
- \$9.9 million General Fund to promote the successful transition of foster youth to adulthood by expanding Transitional Housing programs and scholarships for higher education.
- \$8.2 million General Fund to improve the coordination and delivery of educational services for children and youth in foster care.

- \$8 million General Fund in 2006-07 to enhance the ability of relatives to care for foster children by expanding the Kin-GAP program and ensuring relatives who become guardians for youths with special needs receive comparable financial support as that received by foster parents and homes.
- \$7.9 million (\$4 million General Fund) to increase adoptions of children and youth in foster care, with a specific focus on encouraging adoption of older and hard-to-place youth.

California Work Opportunity and Responsibility to Kids

The Budget includes total California Work Opportunity and Responsibility to Kids (CalWORKs) expenditures of \$7.1 billion. Caseload is projected to decrease by a modest amount after many consecutive years of decline. The revised caseload projections are 478,000 cases in 2005-06, and 472,000 cases in 2006-07.

In response to the federal Deficit Reduction Act of 2005 (DRA), which reauthorized the federal Temporary Assistance for Needy Families program, the CalWORKs program includes several new components designed to improve work participation rates while continuing to assist CalWORKs families in achieving self-sufficiency. Major investments include:

- CalWORKs Improvement Initiative—The Budget includes \$90 million for counties to implement strategies to improve work participation rates based on local needs assessments. Counties are required to develop comprehensive plans that identify specific activities to engage recipients early, re-engage noncompliant or sanctioned families, or increase participation among recipients that are partially participating or are between activities. The Budget reflects net savings of \$17.2 million in 2006-07 from anticipated program improvements.
- Homelessness Prevention—The Budget includes \$5 million to increase temporary shelter rates to prevent homelessness among CalWORKs recipients. Stabilizing family housing is critical to work support and will assist adult recipients in continuing to meet participation requirements.
- Pay for Performance—The Budget reflects CalWORKs grant savings of \$1.8 million from implementation of an incentive program that rewards counties that meet specific CalWORKs program outcomes. Pay for Performance will enhance the program's focus on work and target county efforts to assist recipients in securing and retaining employment as a pathway to self-sufficiency. The program is expected to generate greater savings in 2007-08 and beyond. Funding for incentive payments, which is

scheduled to begin in 2007-08, is initially to be provided with \$40 million set aside in the CalWORKs reserve.

- **County Administration Augmentation**—In recognition of the need for counties to dedicate more resources to case management, transportation, and employment services in order to increase work participation rates, \$140 million is included in the Budget. This augmentation was based on current county expenditures as reported by counties. However, the Budget also includes requirements to more accurately measure the cost of doing business and assess how state policies and county implementation affect costs.
- **Reserve for Future CalWORKs Improvements**—The Budget includes a \$15 million reserve and limited flexibility to address future changes or improvements to the program that would continue the “work first” approach and lead to increased work participation rates, pending analysis of the federal regulations implementing the DRA.

Supplemental Security Income / State Supplementary Payment Program

Total General Fund expenditures for the Supplemental Security Income / State Supplementary Payment (SSI / SSP) program are projected to be \$3.6 billion in 2006-07, an increase of \$141.6 million from the revised 2005 Budget Act level. The average monthly caseload in this program is estimated to increase to 1.2 million recipients, a 2.5 percent increase over the 2005-06 projected level.

The three-month delay of the January 2007 federal SSI cost-of-living-adjustment included in the 2005 Budget Act is rescinded in the Budget. Effective January 1, 2007, the federal SSI payment will increase by an estimated 2.1 percent.

The Budget will maintain monthly SSI / SSP grant payments at the current level of \$836 for an aged or disabled individual and \$1,472 for a couple until January 1, 2007, at which time monthly payments are estimated to become \$849 for an individual and \$1,491 for a couple. California’s SSI / SSP payment standards for individuals continue to be the highest among the nation’s 10 most populous states and second highest in the nation, while the payment standards for couples are the highest of all 50 states.